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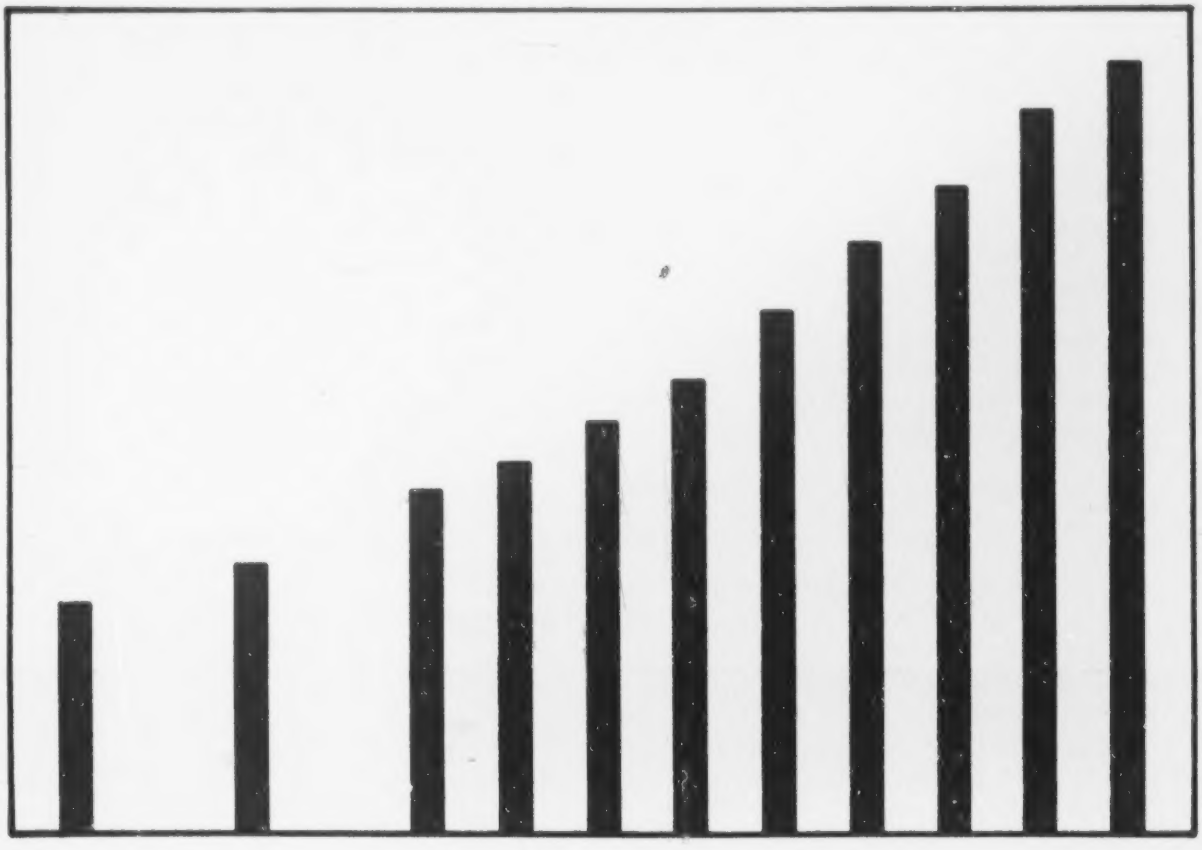
SALARY CHARACTERISTICS 1990



NATIONAL ASSOCIATION OF BUSINESS ECONOMISTS
28790 Chagrin Blvd., Suite 300
Cleveland, Ohio 44122

1990 Salary Characteristics

Highlights

- The median base salary of 1227 responding NABE members is $60,000, up 7% from 1988. Almost 25% reported salaries of $80,000 or more.
- One hundred eighty five female members reported a median salary of $48,000. This was down from $49,750 in 1988. This represents 80% of the male salary, again down from 1988's 89%.
- Slightly under half the respondents reported additional income from their primary employment. The median amount was $10,000.
- Three hundred thirty five members reported secondary professional employment income, with the median amount of $5001.
- Economists describing their function as "General Administration" reported the highest median base salary, $83,000. Teachers, econometricians, and micro/regional economists had the lowest salaries.
- Base salary rose progressively according to the size of the firm, with those in the largest companies reporting a median base salary of $67,000, and those in the smallest having a median of $60,000.
- Ninety percent of the respondents report a graduate degree. In all cases, the higher the degree, the higher the median base income.
- Primary income varied directly with years of experience. Economists with 10-14 years of experience exceed the median income for all respondents with $62,000.
- The New York area had the most respondents, 145, and also the best paid, with a median income of $75,000. Boston and San Francisco were second and third.
- The cities with the lowest pay were Minneapolis-St.Paul, Baltimore, and Cleveland.
- The Middle Atlantic states and New England were the regions with the highest pay; the Mountain States had the lowest.
- The percentage of business economists in manufacturing companies continued its decline. Only 10.3% of respondents work for manufacturing companies.
- More time is being spent on the study of industry economics and international economics.
- Since the first survey in 1964, the median base salary of a business economist has increased 257%; over the same period, inflation has increased over 300%.

Survey Background

In the spring of 1990, the National Association of Business Economists queried its membership on salary and other occupational data details. Questionnaires were mailed to 3225 regular NABE members and 1241 usable returns were received. This represents a 38.5% response rate. Members were asked to report their current (1990) base annual earnings. Base earnings were defined as salary from primary employment before deductions for income taxes, social security, etc.

In addition to their base salary, respondents were asked to report 1989 income from two other sources: (1) additional gross compensation from primary employment and (2) secondary professional income.

Additional gross compensation from primary employment was defined as cash bonuses, profit sharing payments, etc., before deductions and excluding nonvested income and retirement benefits.

Secondary professional income was defined to include gross cash income from royalties, directors and other fees, honoraria, etc., excluding nonvested income.

Respondents also were asked to report on various aspects of their employment including the principal area of their responsibility, reporting relationship, sex, size of firm, number of persons supervised, education, years of experience, and location. Also, economists were surveyed on the focus of their work, and several questions concerned changes in the economic function within the firm.

The following text and tables present the survey findings. The term "median" refers to the middle amount reported in an array of all amounts for that group. The term "mode" refers to the most frequently reported number given in an array of amounts for that group, but is useful only when the size of the group is significantly large.

Base Salary

The median base salary as of the spring of 1990, reported by 1,227 business economists was $60,000, as was the mode. One hundred and forty five of the respondents were reported located in the New York City area-- including Nassau and Suffolk counties-- and these reported a median and modal salary of $75,000. The percentage of New York economists dropped to 11.7%, down from the 12.5% of 1988, and above only the 10.6% in 1986. (Previous percentages were: 15.4% in 1984, 16.4% in 1982, 18.3% in 1980, and as much as 22.7% in 1974). The $15,000 margin which existed between economists in New York and those located elsewhere was down from the $20,000 gap in 1988.

The 185 female respondents represented 15.1% of the total, up from the 13.9% and 12.6% in 1988 and 1986, respectively. The median base salary was $48,000, down from $49,750 in 1988. It was $52,000 for the 25 in New York, and $48,000 for those in other areas. Female respondents median salary was 80% of male respondents, compared with 85.8% in 1988, 80% in 1986, 82% in 1984, and 78% in 1982.

Table 1
Percentage Distribution of
Base Salary by Income Class

Base Salary	Percentage
Under 40	14.8
40-44.9	8.6
45-49.9	8.6
50-54.9	11.3
55-59.9	5.5
60-64.9	8.4
65-69.9	5.7
70-74.9	6.3
75-75.9	5.9
80-84.9	3.4
85-89.9	2.9
90 and over	18.4
Median	$60,000
Mode	$60,000

Table 2

Base Salary
Male and Female

	Number Responding	Median Amount
Male- Total	1022	$60,000
New York	118	78,000
Other 904	60,000	
Female- Total	185	48,000
New York	25	52,000
Other 160	48,000	

Additional Compensation

The additional compensation relates to the year 1989. Fifty six percent of all respondents received additional compensation related to their primary employment. The median amount of additional income was $9999, or 16.67% of the median base salary.

Professional income from secondary employment was reported by 27.3% of all respondents. The median secondary income amounted to $5,001 or 8.34% of the median base salary. Table 3 shows the summary data on additional compensation for male and female respondents.

Table 3

Additional Compensation
Male and Female

		Number	Median	Mode
Additional Primary Income				
	Male	591	10,000	10,000
	Female	83	7,000	5,000
Professional Secondary Secondary				
	Male	307	5,002	5,000
	Female	24	3,900	5,000

Table 4
Base Salary by Income Class by Industry of Employment
Percentage Distribution, Medians and Modes
Thousands of $

	>40	40-44.9	45-49.9	50-54.9	55-59.9	60-64.9	65-69.9	70-74.9	75-79.9	80-84.9	85-89.9	>90	Median	Mode	Number
Durable Mfg.	6.2	8.6	3.7	16	8.6	8.6	6.2	9.9	7.4	3.7	3.7	17.3	61	50	81
Nondurable Mfg.	8.7	2.2	4.3	17.4	6.5	2.2	4.3	4.3	4.3	6.5	6.5	32.6	74.2	50	46
Retail & Wholesale Trade	26.3	5.3	15.8	10.5	0	5.3	0	0	10.5	10.5	0	15.8	50	77	19
Banking	9	5.8	10.3	5.8	3.2	9	5.2	8.4	3.2	4.5	5.2	30.3	70	100	155
Securities & Investments	7.6	6.5	4.3	3.3	5.4	6.5	5.4	5.4	7.6	6.5	3.3	38	75	100	92
Insurance	13.5	8.1	5.4	16.2	2.7	10.8	2.7	8.1	0	5.4	0	27	62	52.5	37
Communications & Util.	11.8	9.2	13.2	18.4	7.9	10.5	7.9	6.6	4.6	2.6	1.3	5.9	53.8	50	152
Publishing	17.4	8.7	4.3	13	4.3	4.3	4.3	8.7	13	0	4.3	17.4	64	54	23
Transportation	14.3	10.7	10.7	17.9	7.1	3.6	3.6	10.7	10.7	0	3.6	7.1	52	50	28
Mining	22.2	0	0	0	11.1	0	33.3	0	0	0	11.1	22.2	67	85	9
Construction	28.6	14.3	0	14.3	0	0	14.3	0	14.3	0	0	14.3	52	77	7
Real Estate	23.1	7.7	0	0	0	15.4	0	7.7	23.1	0	0	23.1	70	60	13
Consulting	11.7	6.9	4.1	7.6	5.5	11	2.6	4.8	6.9	1.4	2.1	35.2	70	75	145
Nonprofit Research	10.5	5.3	21.1	15.8	0	10.5	10.5	5.3	0	5.3	5.3	10.5	54	50	19
Trade Association	4.8	7.1	9.5	14.3	2.4	4.8	7.1	14.3	4.8	7.1	7.1	16.7	68.8	105	42
Government	28.7	10	11.3	8.7	8	7.3	5.3	6.7	8	2.7	1.3	2	49.5	42	150
Academic	22.4	17.7	12.9	12.2	5.4	9.5	5.4	2.7	4.1	1.4	2	4.1	48	60	147
Others	18.6	5.1	3.4	16.9	3.4	8.5	10.2	3.4	5.1	5.1	1.7	18.6	60	50	59
Not Answered	33.3	0	0	0	0	0	0	0	33.3	0	0	33.3	78	78	3

Compensation by Industry

Table 4 shows the distribution of base salary among income classes by industry of employment. Economists in securities and investments had the highest median salary, at $75,000, with non-durable manufacturing second at &74,200, and banking, real estate, and consulting all tied for third at $70,000. Banking also had the largest number of respondents, with 155.

The two lowest paid categories were academics, at $48,000, and government at $49,500. These two categories also were the second and third most numerous, with 147 and 150, respectively.

The securities and investment area also recorded the highest median additional compensation, at $25,000, while government recorded the lowest with $2000.

Other professional income was in a range from $1500 to $22,500, with retail and wholesale trade the lowest, and real estate the highest. The sample sizes for these categories were much smaller, however.

Reporting Relationship by Industry

Respondents were asked to indicate from a list of twelve choices the reporting relationship that most nearly describes the function to which they report. The largest number of respondents listed that they reported to either the Chief Executive Officer, with 15.5%, or the Chief Economist at 12.2%. The Planning Department and Research Department also had large responses (see Table 6).

There were wide differences in reporting relationships among different industries. Table 6 gives the details on these differences.

Respondents with more than five years of experience were asked the focus of their work (see Table 7). Over 32% reported that they devoted most of their time on the economics of their industry, including financial economics, followed by macroeconomics and regional economics.

Table 5

Additional Compensation by
Industry of Employment

Industry	Number	Median	Number	Median
Durable Mfg.	54	8500	13	6000
Nondurable Mfg.	33	20000	13	5001
Retail & Wholesale Trade	13	7000	3	1500
Banking	107	12000	3	2600
Securities & Investments	77	25000	24	5000
Insurance	24	11000	7	2000
Commun. & Utilites	889	5001	27	4999
Publishing	14	10250	8	2900
Transportation	19	4999	6	4600
Mining	5	5000	2	18750
Construction	4	2750	2	1925
Real Estate	8	18500	4	22500
Consulting	90	12000	35	10000
Nonprofit Research	5	2501	7	12000
Trade Assoc.	17	3000	8	3250
Government	41	2000	34	3100
Academic	55	9999	93	8000
Others	30	15000	11	9999
Not answered	2	32750	0	0

Table 6

Reporting Relationship by Industry
(Percent Distribution)

Industry	CEO	COO	Chief Economist	Finance Dept.	Sales Dept.	Intl Dept.	Planning Dept.	Research Dept.	Mfg./ Production	Trust Dept.	Credit Dept.	Other
Total	15.5	4.4	12.2	7.6	6.9	1.4	11.4	9.9	0.8	1.1	0.6	24.6
Banking	12.7	4.5	22.9	12.1	3.2	3.2	5.1	5.7	0.6	5.1	4.5	20.4
Communications & Utilities	4.6	1.3	10.5	15.8	16.4	0.7	27.6	5.9	2.6	0	0	13.8
Government	17.8	7.9	15.1	3.3	0	4.6	9.2	21.7	0	0	0	17.8
Consulting	36.7	3.3	6.7	0.7	1.3	2.0	0.7	4.7	0	0	0	39.3
Securities and Investments	23.7	4.3	9.7	6.5	6.5	0	2.2	22.6	0	6.5	1.1	17.2
Durable Manufacturing	8.5	4.9	17.1	12.2	19.5	1.2	20.7	2.4	3.7	0	0	8.5
Nondurable Manufacturing	0	2.2	4.3	17.4	15.2	0.0	39.1	4.3	4.3	0	0	13.0
Trade Association	33.3	7.1	23.8	0.0	0.0	0.0	7.1	11.9	0.0	0.0	0.0	16.7
Insurance	10.5	7.9	13.2	13.2	2.6	0.0	18.4	13.2	0.0	0.0	0.0	18.4
Transportation	3.6	3.6	7.1	21.4	21.4	0.0	35.7	3.6	0.0	0.0	0.0	3.6
Publishing	8.7	21.7	17.4	4.3	13.0	0.0	4.3	8.7	0.0	0.0	0.0	21.7
Retail or Wholesale Trade	5.3	5.3	15.8	5.3	21.1	0.0	26.3	5.3	0.0	0.0	0.0	15.8
Non-profit Research	26.3	5.3	26.3	5.3	0.0	0.0	0.0	21.1	0.0	0.0	0.0	15.8
Real Estate	38.5	7.7	0.0	0.0	7.7	0.0	0.0	23.1	0.0	0.0	0.0	15.4
Mining	11.1	11.1	11.1	11.1	11.1	0.0	22.2	0.0	0.0	0.0	0.0	22.2
Construction	28.6	0.0	0.0	14.3	0.0	0.0	42.9	0.0	0.0	0.0	0.0	14.3
Academic	4.0	1.3	1.3	0.7	1.3	0.0	0.0	8.0	0.0	0.0	0.0	85.3
Other	21.3	1.6	16.4	8.2	11.5	1.6	13.1	11.5	0.0	0.0	0.0	14.8

Compensation by Area of Responsibility

Respondents were asked to indicate which of fourteen areas of responsibility best described their jobs. Table 8 shows the median base salaries, additional primary income, and professional secondary income of these responsibilities. Economists stating their primary area of responsibility as general administration earned the highest median base salary of $83,000, and the highest median additional primary income of $13,000. They also had a median professional secondary income of $7,500, which was topped only by those in consulting.

Respondents describing their jobs as that of teaching, econometrician, marketing, and micro/regional economists had the lowest median salaries. This pattern is almost identical to results of past surveys.

Table 7

Focus of Work

	Number	Percent
Industry Economics	324	32.2
Macroeconomics	163	16.2
Regional Economics	113	11.2
Economic Policy	72	7.2
Product-Specific	56	5.6
International	50	5.0
Econometrics	30	3.0
Other	197	19.6

Table 8

Compensation by Area of Responsibility

	Base Salary Number	Median	Additional Primary Number	Median	Prof. Second. Number	Median
Corporate Planning	116	$62,313	66	$10,000	21	$7,000
Econometrician	33	50,000	11	6,000	6	4,119
Energy Economist	54	55,000	29	6,000	9	5,000
Financial Economist	142	65,000	96	12,000	40	3,800
General Admin.	61	83,000	34	13,000	14	7,500
Gen. Admin/Economist	138	75,000	94	13,000	3	6,250
Industrial Economist	51	54,852	25	6,000	12	3,750
Consulting	114	63,000	59	12,000	33	10,002
International Econ.	51	60,000	28	9,455	15	1,700
Macro Forecaster	83	67,500	60	10,000	19	4,500
Marketing	52	50,000	27	10,000	10	3,250
Statistician	13	57,000	4	2,050	2	3,050
Teacher	99	46,000	40	10,500	65	7,002
Micro/Regional Econ	77	50,000	26	3,799	21	5,000
All Others	136	55,050	3	400	28	2,600
Not Answered	7	75,000	5	6,100	2	1,990

Primary Compensation by Size of Firm

Economists at the largest firms, those with over 10,000 employees, had the highest median base salaries, $67,000. The lowest salaries were repoirted at mid-sized firms, those with betwwen 1,000 and 5,000 employees, at $58,000.

Economists at the smallest firms had the highest median additional primary income, $10,750, or 17.9% of their base pay (see Table 9). Over 53% of the economists at these firms reported the additional compensation.

Table 9

Primary Compensation by Size of Firm

Firm Employment	Base Salary Number Reporting	Base Salary Median	Additional Primary Number Reporting	Additional Primary Median
0-499	377	$60,000	200	$10,750
500-999	53	60,000	32	8,200
1000-2499	101	58,000	70	10,000
2500-4999	86	58,000	49	8,001
5000-9999	100	63,500	70	1,001
10,000 & Up	276	67,000	193	8,500
No Answer	234	48,000	73	6,500

Primary Compensation by Number of Persons Supervised

As in previous years, the size of the operation managed by the business economist correlates directly with base salary as illustrated in Table 10. The same relationship is present in additional primary income, except for a falloff for those who supervise 25 or more. The highest salaries went to economists supervising more than 25 people, with a median of $83,500, and additional primary income of $14,000. However, 85% of those responding to the survey reported supervising 9 or fewer people.

Table 10

Primary Compensation by Number Supervised

Number Supervised	Base Salary Reporting	Base Salary Median	Additional Income Reporting	Additional Income Median
None	390	$48,818	179	$4,649
1-3	440	60,000	255	9,988
4-9	220	73,550	158	13,750
10-24	92	83,800	58	28,500
25 & Over	69	83,500	35	14,000
Not Answered	16	50,150	2	3,499

Primary Compensation by Level of Education

Over ninety percent of the respondents reported additional education beyond the Bachelor's degree, with 40% of all respondents completing the Ph.D. Those with Ph.D. degrees had a median base salary of $67,050, up from $65,000 in 1988. The second highest median income was reported by those with all but the dissertation, with a median of $61,400. Then came Master's degrees with a median base income of $54,000, up from $50,750 in 1988. Those respondents with Bachelor's degrees had a median base salary of $41,750, down significantly from $49,800 in 19988.

Table 11

Primary Compensation by Education

Highest Degree Obtained	Base Salary Number	Base Salary Median	Additional Income Number	Additional Income Median
Bachelors	112	$41,750	57	5,001
Masters	494	54,000	276	9,001
Ph.D.	492	67,050	281	11,000
All But Dissertation	122	61,400	68	7,250
No Degree	*	*	*	*
Not Answered	5	72,500	3	30,000

Primary Compensation by Years of Experience

Not surprisingly, there is a direct correlation between economist's income and years of professional experience. As Table 12 indicates, those with 10 to 14 years of experience match the median income of all respondents, $60,000. Those economists with over 25 years experience

Table 12

Primary Compensation by Years of Esperience

Years	Base Salary Number Reporting	Base Salary Median	Base Salary Mode	Additional Number Reporting	Primary Income Median	Primary Income Mode
0 to 4	199	$40,000	$40,000	86	$5,000	$3,000
5 to 9	263	50,500	50,000	151	6,000	5,000
10 to 14	276	62,000	50,000	156	8,150	1,000
15 to 19	210	73,000	60,000	127	11,800	10,000
20 to 24	133	74,400	75,000	81	10,001	10,000
25 and Over	140	76,700	75,000	84	15,001	10,000

Base Salary by Location

Among major U.S. cities, median salaries were highest in New York, Boston, and San Francisco (see Table 13). Lowest median salaries were in Minneapolis-St. Paul, Baltimore, and Cleveland.

By region of the United States, the Middle Atlantic and New England had the highest salaries, and the Mountain States had the lowest median salaries (see Table 14).

Table 13

Salary by Location

City	Reporting	Base Median
Atlanta	20	$62,500
Baltimore	12	49,200
Boston	50	74,500
Chicago	61	60,000
Cleveland	15	50,000
Dallas	23	60,000
Detroit	27	63,000
Houston	20	66,000
Los Angeles	46	63,000
Minneapolis-St. Paul	11	45,000
New York[1]	145	75,000
Philadelphia	36	67,000
Pittsburgh	14	60,500
St. Louis	24	65,000
San Francisco	34	73,000
Washington, D.C.	129	60,000
All Others	560	53,000

[1] Includes Nassau/Suffolk

Table 14

Base Salary by Region

Region	Number	Median
New England	86	$63,200
Middle Atlantic	258	68,050
South Atlantic	247	58,000
East South Central	19	63,000
West South Central	78	58,600
East North Central	189	55,800
West North Central	65	51,000
Mountain	56	46,000
Pacific	175	60,000
Non U.S.	30	65,000

Change in Economic Function

This year the survey asked a number of questions on changes within the economic function of the respondents' firms, for those with over five years experience. The results are in Table 15.

Over 983 respondents said that there had been significant changes in some aspect of the firm's function. Over 62% of the respondents said that they are emphasizing studies of their own industry more than before, and 49% said they are emphasizing international economics more than before. On the other hand, 38% said they were spending less time on macroeconomics.

Also, only 28% of the respondents said they had increased the size of their staff, while 46% had decreased staff over the past five years.

Table 15

Change in Economic Function within Firm
(Percent Distribution)

Change in Economic Function	More Emphasis	Less Emphasis	Approx. the Same
Macroeconomics	23.8	37.9	38.4
Economic Policy	30.4	23.5	46.2
Industry/Financial	62.4	11.7	25.9
Regional	46.9	18.9	34.2
International	49.4	17.0	33.7
Econometrics	21.2	34.5	44.4

	Moved Up	Moved Down	Unchanged
Reporting Level	28.3	19.2	52.5

	Centralized	Decentralized	Unchanged
Function	20.7	16.6	62.7

	Increased	Decreased	Unchanged
Size of Staff	28.2	46.5	25.2
Use of Consultants	20.3	23.4	56.3

Salary Trends

This is the twelfth salary and occupational survey conducted by the NABE. Efforts have been made to keep the classifications as consistent as possible for comparison with previous years. Table 16 and the accompanying chart illustrate the median income reported by the surveys together with the number of respondents each year. Since 1964, the median base salary of the business economist has increased 257%. However, over this same time period, the Consumer Price Index has increased 300%.

Table 17 shows the industry distribution of survey respondents for the last eight surveys. The steady declines in manufacturing and banking continue, while the two fastest growing categories are government and academics.

Table 16

Salary Trends

Year	Number	Base Salary	Additional Primary Income
1964	445	16,800	1
1968	553	19,600	1
1972	993	25,000	3,000
1974	1072	27,000	4,000
1976	1159	30,000	4,000
1978	1402	33,000	4,500
1980	1430	38,000	5,000
1982	1644	43,000	6,723
1984	1503	47,000	6,000
1986	1327	52,500	7,500
1988	1118	56,000	8,000
1990	1227	60,000	9,999

1 Not reported

Table 17

Industry Distribution
Salary Survey

	1990	1988	1986	1984	1982	1980	1978	1976	1974
Manufacturing (all types)	10.3	11.9	15.9	19.8	21.2	23.4	26.9	26.2	26.6
Banking	12.7	14.7	15.0	14.7	15.2	16.7	16.8	18.3	16.4
Securities and Investment	7.5	7.0	6.6	7.0	6.0	5.3	5.9	6.7	10.5
Insurance	3.1	3.7	2.9	3.0	3.8	3.7	2.9	3.5	4.0
Communications & Utilities	12.2	12.1	10.9	8.8	7.4	6.6	6.0	6.0	6.0
Consulting/Business Services	12.1	13.1	12.7	11.3	11.6	8.2	7.5	7.3	7.2
Trade Association	3.4	2.8	2.6	2.8	2.7	3.1	4.3	4.7	5.5
Transportation	2.3	2.8	2.2	2.3	2.0	1.7	2.2	2.2	2.0
Publishing	1.9	1.8	2.0	1.8	1.3	1.7	1.5	1.3	1.6
Government	12.2	8.8	9.4	7.3	6.9	8.0	5.5	4.9	5.1
Retail and Wholesale Trade	1.5	1.1	1.6	1.8	1.5	1.5	2.0	1.9	2.0
Academic	12.1	10.1	8.0	8.6	7.7	8.0	7.3	6.4	4.9
Mining	0.7	1.1	1.8	1.5	1.5	1.6	1.1	1.3	2.3
Construction	0.6	0.6	0.2	0.7	0.7	0.7	0.5	0.8	0.8
Real Estate	1.0	1.0	1.1	0.9	1.2	0.7	0.6	0.4	0.6
Nonprofit Research	1.5	2.2	1.6	2.4	2.2	2.4	2.9	2.8	2.5

Median Base Salary
Thousands of Dollars